

PUBLIC DISCLOSURE

November 3, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Community Bank
06121199

Orange City, Florida

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of First Community Bank, Orange City, Florida, prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of November 3, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

The bank's outstanding rating is supported by lending results that exceed standards for satisfactory performance, such as an average loan-to-deposit ratio that is more than reasonable given the bank's size and financial condition. A substantial majority of the bank's loans were extended to individuals and businesses inside the bank's assessment area, based on the results of the examination sampling procedures. The geographic distribution of loans by the income level of the census tracts reflects reasonable dispersion of credit throughout the assessment area. The sample of loans reflects excellent distribution among individuals of different income levels and businesses of different sizes. The bank's record of involvement in community development activities, participation in Small Business Administration (SBA) lending, and the introduction of innovative mortgage loan products are additional factors consistent with outstanding performance. No CRA-related complaints have been received since the previous examination, and no evidence of discrimination or other illegal credit practices was identified during this examination.

DESCRIPTION OF INSTITUTION

First Community Bank's main office is located in Orange City, Florida, in the western portion of Volusia County. The bank had total assets of \$80.1 million according to the June 30, 1997 Consolidated Reports of Condition and Income. In addition to the main office, the bank has two branches, one located in the city of Deland, and the other in the city of Deltona. No legal or financial impediments exist that would hinder the bank from meeting the credit needs of its assessment area. First Community Bank is a full-service bank and offers a wide variety of services at all of its locations.

The composition of the loan portfolio according to the June 30, 1997 Consolidated Reports of Condition and Income is as follows:

LOAN TYPE	PERCENTAGE
Construction and development	5.3%
Secured by one- to four-family dwellings	37.0%
Other real estate: Nonfarm nonresidential	27.9%
Commercial and industrial	15.1%
Loans to individuals	10.6%
All other	4.1%
Total	100.0%

As shown in the table above, real estate secured loans and commercial loans make up the majority of the bank's loan portfolio. Although the largest portion of the bank's loan portfolio consists of loans secured by one- to four-family dwellings, bank records indicate that the bank has extended a greater number of consumer and business purpose loans. For the six-month period from March 1, 1997, through August 31, 1997, the bank originated 378 consumer and 128 businesses purpose loans.

DESCRIPTION OF FIRST COMMUNITY BANK'S ASSESSMENT AREA

The bank's assessment area is the western portion of Volusia County, located in the Daytona Beach Metropolitan Statistical Area (MSA). The area consists of 21 census tracts and includes the communities of DeLand, Deltona, Orange City, DeBary, Lake Helen, and Pierson. First Community Bank's main office and two branches are located in the southern portion of the assessment area. The bank has no low-income census tracts in its assessment area. Of the 21 tracts, 17 are middle-income, 3 are moderate-income, and 1 is upper-income. According to the 1990 census, the population of the bank's assessment area was 130,678. The median family income of the assessment area is \$30,025, which is slightly higher than the MSA's median family income of \$29,722.

Income levels are defined using the following four categories:

INCOME LEVEL	PERCENTAGE OF MEDIAN FAMILY INCOME IN THE MSA
Low-income	Less than 50%
Moderate-income	50% to 79%
Middle-income	80% to 119%
Upper-income	120% and over

The distribution of family income in the assessment area is summarized below.

INCOME LEVEL	NUMBER OF FAMILIES	PERCENTAGE
Low-income	5,717	15.5%
Moderate-income	7,553	20.4%
Middle-income	9,365	25.3%
Upper-income	14,358	38.8%
Total	36,993	100.0%

According to the 1990 census, the majority of the employment in the assessment area is in the service, retail, and manufacturing industries.

DESCRIPTION OF FIRST COMMUNITY BANK'S ASSESSMENT AREA (CONTINUED)

Two community members were interviewed during this examination. One represented a community development corporation and the other a local government agency. Home purchase loans to farm workers to obtain decent housing were identified as a credit need in the community by one contact. This individual also stated that his organization needed additional credit from local banks to build new houses and rehabilitate old ones. The other contact said that the banks are meeting the credit needs of the community by funding mortgages for affordable housing. He identified funding of infrastructure improvements as a community credit need.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio was 78.8 percent for the five quarters ended June 30, 1997. This ratio compared favorably with the ratios of four local banks of similar asset size, whose aggregate average ratio for the same period was 63.6 percent with individual ratios ranging from 50.2 percent to 82.9 percent.

The bank's loan-to-deposit ratio is more than reasonable given the bank's capacity to lend, demographic and economic factors, and lending opportunities available.

Lending in Assessment Area

The bank's leading loan products are consumer and business purpose loans. During the examination, samples of 93 motor vehicle loans and 40 business loans were analyzed to determine the percentage of loans extended inside the assessment area. The sample revealed that a substantial majority were inside the bank's assessment area. 82 (88 percent) of the motor vehicle loans and 36 (90 percent) of the business loans were extended in the assessment area. These results exceed standards for satisfactory performance.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

To determine whether the bank lends to borrowers of different incomes, the 82 motor vehicle loans inside the assessment area were analyzed to determine the income levels of the borrowers. The table below shows this distribution in relation to the income demographics of families in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

DISTRIBUTION OF MOTOR VEHICLE LOANS BY BORROWER INCOME

	Low	Moderate	Middle	Upper	Total
Number of loans	16	24	31	11	82
Percentage of loans	20%	29%	38%	13%	100%
Percentage of families in assessment area	16%	20%	25%	39%	100%

A comparison of the distribution of motor vehicle loans by borrower income to the distribution of families in the assessment area by income indicates that the distribution of loans compares favorably to the distribution of families by income. The percentages of loans to low-income and moderate-income borrowers exceed the percentages of families in the assessment area at those income levels.

A review of the 36 business loans inside the assessment area revealed that 27 (75 percent) were extended to businesses with gross annual revenues of \$1 million or less, and 9 (25 percent) were extended to businesses with gross annual revenues greater than \$1. In addition, 24 percent of the business loans were for amounts of \$100,000 or less, and 52 percent were in amounts between \$100,000 and \$250,000. Based on the samples of motor vehicle and business purpose loans, the bank exceeds standards for satisfactory performance in lending to borrowers of different income levels and businesses of different sizes.

Geographic Distribution of Loans

The geographic distribution of the bank's loans was analyzed by the income levels of the census tracts in which loans were made. The motor vehicle and business purpose loans inside the assessment area are shown in the tables below by the type of census tract in which the borrower resides or the business is located. The percentages of assessment area households in each group of census tracts provides a standard for evaluating the distribution.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Geographic Distribution of Loans (Continued)

DISTRIBUTION OF MOTOR VEHICLE LOANS BY CENSUS TRACT INCOME LEVEL

	Low	Moderate	Middle	Upper	Total
Number of loans	N/A	5	77	0	82
Percentage of loans	N/A	6%	94%	0	100%
Percentage of assessment area households	N/A	9%	90%	1%	100%

DISTRIBUTION OF BUSINESS LOANS BY CENSUS TRACT INCOME LEVEL

	Low	Moderate	Middle	Upper	Total
Number of loans	N/A	7	27	2	36
Percentage of loans	N/A	19%	75%	6%	100%
Percentage of assessment area households	N/A	9%	90%	1%	100%

The distribution of loans by the income level of the census tracts reflects reasonable dispersion throughout the assessment area. As previously noted, no low-income tracts exist in the bank's assessment area, and the substantial majority of the tracts are middle-income. The majority of the bank's lending is in the middle-income census tracts. A relatively small percentage of the assessment area's households live in the upper-income census tract. The percentages of loans in each tract group are considered consistent with the household percentages, and the fact that none of the consumer loans sampled were in upper-income tracts is not of significant concern. Based on the sample, the geographic distribution of the bank's loans meets the standards for satisfactory performance.

Complaints

No complaints relating to CRA performance have been filed against the bank since the previous examination.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Compliance with Antidiscrimination Laws

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was noted during the examination. No practices have the intent or the effect of discouraging applicants for credit. The bank solicits applications from all segments of its assessment area.

Community Development Activities

The bank's overall performance includes its record of investing in community development. The bank was the lead lender in a consortium to refinance the building that is the headquarters of the Mid-Florida Housing Partnership, Inc. The bank's compliance officer serves on the board of directors of this organization, which helps individuals obtain down payment funds and loans to purchase homes.

The bank has also made a \$25,000 loan to a community development corporation to provide funds to rehabilitate a single-family residence.

First Community Bank is one of two banks in the area that offer SBA loans and has closed eight loans since the previous examination totaling over \$215,000. In April 1997, the bank introduced its **AZero Down®** residential loan program for first-time home buyers in western Volusia County. Under this program, applicants who meet the requirements, including having an income of no more than \$35,000, can receive a loan where all the closing costs and prepaid items are financed into the mortgage. The bank has originated four loans for over \$226,000 using this flexible and innovative loan product.